

STATE OF CALIFORNIA - BUSINESS, TRANSPORTATION AND HOUSING AGENCY

ARNOLD SCHWARZENEGGER Governor

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

OFFICE OF THE DIRECTOR

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July 6, 2005

Mr. Mark Pisano, Executive Director
Southern California Association of Governments (SCAG)
818 W. 7th Street, 12th floor
Los Angeles, California 90017

Dear Mr. Pisano:

RE: Pending Regional Housing Need Allocation Process

This is in response to your letter requesting the regional housing need determination (RHND) and allocation (RHNA) in the SCAG region be coordinated with the Regional Transportation Plan (RTP) process, pursuant to Government Code Section 65584.02. As you are aware, this presents an opportunity to implement this new provision of law, actively supported by SCAG, enacted by Chapter 696, Statutes of 2004 (AB 2158, Lowenthal). The objective of these new provisions is to improve the coordination of planning for housing and transportation, and should benefit your members and the State.

Your letter requested the following:

1. The forecast being developed by SCAG for the 2007 RTP update be used as the basis for allocating housing need.
2. The duration of the planning period for housing elements in the SCAG region be six years.
3. The deadline for the submission of the housing element updates be July 1, 2008. The following major milestones of the RHNA process were proposed:
 - a. Consultation on region's share of statewide housing need 11/1/05
 - b. Determination of region's share of statewide housing need 5/1/06
 - c. Final determination of local shares 7/1/07
 - d. Adopted housing element updates due 7/1/08

The Department of Housing and Community Development (Department) staff met with Lynn Harris and other SCAG staff on March 1, 2005 to discuss this request, and advised staff that the Department would accept the request to combine the RHNA process with the forecasting process for the 2007 RTP, such that the final adoption by SCAG of RHNAs as required by Government Code Section 65584.05(h) occur no later than July 1, 2007. As you know,

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Government Code Section 65584 requires SCAG to adopt a final RHNA plan at least one year before the housing element due date. This means that the next (fourth) statutory due date for housing elements within the SCAG region, as otherwise set forth in Government Code Section 65588 (e)(1), is extended to June 30, 2008 (instead of June 30, 2006).

The next steps are to define the data sources and methodologies for those portions of the RHNA process specific to housing in consultation with you and your staff. Your letter included some of the information required by Government Code Section 65584.02, but some of the data items and information must be updated and other information must still be provided during the consultation process, as it applies to the pending 2007 RTP, rather than the existing (2004) RTP. The Department is committed to acting in a timely manner, in addition to another meeting with your staff to exchange information as soon as possible.

To ensure the effective implementation of this new collaborative process, it is especially critical that procedural timelines be met; doing so will yield the additional benefit of avoiding the pitfalls encountered in the past. We therefore urge you to take every opportunity to work closely with your subregions and local government members to undertake the required statutory steps as early as possible. It is also important to do so in a manner whereby the processes and distinctions between the RHNA and RTP forecasting and processes are clear and, while dovetailed, are understandable.

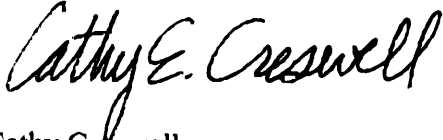
As you know, the extension process was developed by the Housing Element Working Group to facilitate better coordination between housing and transportation planning. The leadership and commitment of Working Group members, including SCAG, were critical to reaching the necessary consensus to adopt comprehensive reforms. The Department also recognizes and appreciates your commitment to support the collaborative efforts and goals of Secretary Sunne Wright McPeak, of the Business, Transportation, and Housing Agency (BTH), to incorporate further improvements to the long-range housing and transportation planning processes.

However, the State continues to face a growing housing crisis that threatens California's economic prosperity and long-term competitiveness as well as the quality of life for all residents. The housing crisis is reflected in declining affordability and increasing home prices. According to the California Association of Realtors, the April 2005 housing affordability index (the percentage of households that can afford a median priced home) dropped to 11 percent for Orange County, 16 percent for Los Angeles, and 20 percent for Riverside/San Bernardino Counties. As a result, it is critical that SCAG reinforce each community's obligation to continue implementing their existing housing elements and approving additional housing to meet existing and projected housing needs. This is especially critical during the extension period, because as you know, the RHNA represents the minimum need for additional housing during the planning period and does not represent a cap. Local governments should also be mindful of Government Code Sections 65008, 65863, 65913, and 65589.5 as they continue implementing their housing elements and considering applications for housing projects.

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The Department looks forward to continuing to work in partnership with SCAG to improve housing planning and implementation in California and to determine the region's share of statewide housing need. If you, or your staff, have any questions, please feel free to contact me at (916) 323-3177 or Linda Wheaton, Assistant Deputy Director, at (916) 327-2642.

Sincerely,

A handwritten signature in black ink that reads "Cathy E. Creswell". The signature is written in a cursive, flowing style.

Cathy Creswell
Deputy Director